

Omnipoint's proprietary technology provides a number of advantages over cellular and other PCS technologies, including:

- Significantly lower infrastructure costs resulting in significant reductions in per minute costs and facilitating competition with wireline telephone systems for certain market segments.
- Compatibility with GSM and central office switch infrastructures.
- Wireless services that provide wireline quality voice and superior data, multimedia and digitized compressed video and imaging capabilities.
- A single handset protocol that is capable of being operated with either public mobile networks or private systems such as PBXs and home cordless telephone systems.
- A variable bandwidth on-demand protocol allowing future applications to be written by end users and service operators instead of equipment vendors.

The Company's technology is flexible enough to be deployed in both large, developed, metropolitan centers and less-developed, rural areas, both domestically and internationally. The Company believes that the technical characteristics and low cost of the Omnipoint System allows for the wide-spread deployment of telecommunications services while avoiding the high-cost of wire-based infrastructure, making the Omnipoint technology particularly well-suited for many countries which are currently upgrading or developing their telecommunications infrastructure. The Company has entered discussions with telecommunications services providers from several countries including Argentina, India, Mexico and South Korea.

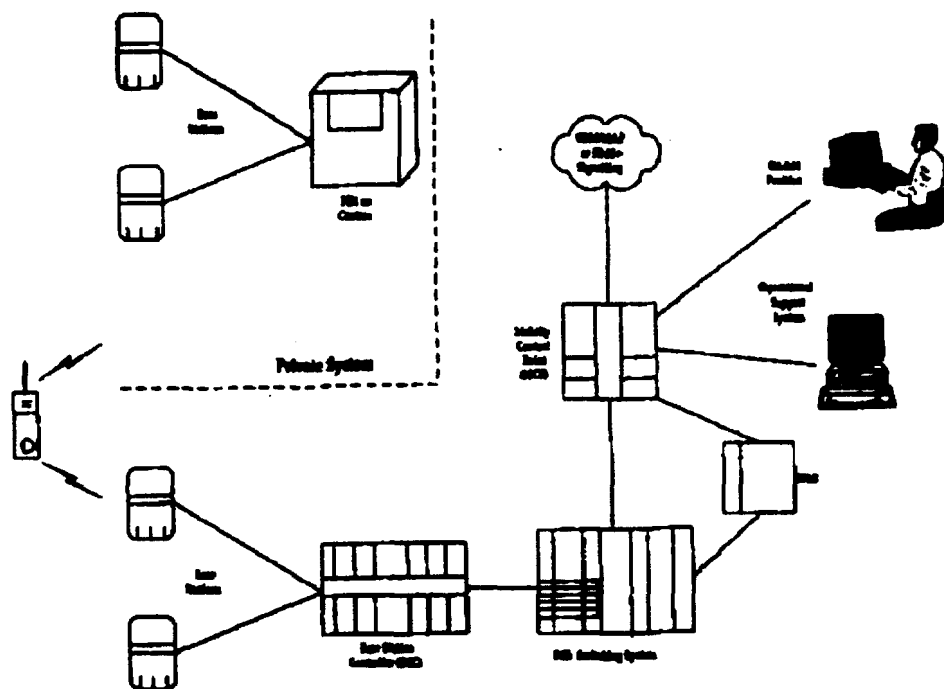
Omnipoint System Architecture

The Omnipoint System is the commercial result of enhancements made to the technology developed by the Company, particularly in the areas of protocol design and spread spectrum. The Company's extensive research and field testing of the Omnipoint System has provided a thorough understanding of the technical and business challenges facing PCS providers. As a result, the Company has designed a system that overcomes many of the architectural weaknesses of existing wireless networks.

The Omnipoint System provides an architecture that utilizes the special benefits of CDMA, TDMA and FDMA technologies for multiple-user access to PCS networks, without incurring many of the problems inherent in these techniques as used in traditional wireless systems. Omnipoint's unique approach combines the major advantages of these technologies in a hybrid solution that provides significant price and performance advantages over systems that rely upon only one technology for separating users and cells. In particular, the cost of radio hardware, especially infrastructure hardware, can be significantly reduced. Omnipoint's use of wide band spread spectrum minimizes the effects of interference, extends cell area and allows for the use of a high data rate. Instead of implementing spread spectrum for classic CDMA reasons, i.e., to separate simultaneous users within a cell by using different codes, the Company employs spread spectrum to reduce the cost of enhancing capacity using TDMA within a cell, while using CDMA between cells that use the same frequencies.

The Omnipoint GSM System has an expected cell radius ranging from seven miles to 250 feet. The Base Station in each cell is connected by microwave, fiber optic cable or telephone wires to the BSC. The BSC in turn connects to the PCSS which uses adjunct computers to control the operation of the wireless telephone system for its entire service area. The BCS and PCSS control the transfer of calls from cell to cell as a subscriber's handset travels, manage call delivery to handsets, allocate calls among the cells within the System, connect calls to local landline telephone system or to a long distance telephone carrier, and provide most of the features such as call waiting and three way calling.

The following diagram illustrates the Omnipoint System as deployed in a complete network environment.



Components

Base Station (BS)

Description

Base station radio equipment located at a "cell site" supports 32 full duplex voice channels per 3.75 MHz of RF bandwidth or 16 voice channels per 1.875 MHz. The base station connects to the BSC or directly to the network using standard telecommunications interfaces. A cell's diameter can range from 14 miles to as little as a few hundred feet depending on the nature of area being served (urban, suburban or rural).

Base Station Controller (BSC)

The BSC receives inputs from multiple base stations, performs inter-base station hand-offs, converts and formats channel and signaling information for presentation to the network, manages visiting subscribers, and provides multiple network interfaces and basic administrative features.

Home Location Register (HLR)

A home location register records subscriber and usage information.

Visitor Location Register (VLR)

The location register typically located at the BSC or BS other than the HLR used by the mobility switching center to direct the handling of calls to or from an active visiting subscriber.

PCS Switching System (PCSS)

The PCSS provides connection and advanced switching of traffic to and from BSCs and provides interconnection to the PSTN and long-distance carrier networks.

Mobility Control Point (MCP)

The MCP coordinates and executes hand-offs between switches.

Handset

The handset can scan to any of the over 56 RF channel center frequencies within the 1850-1990 MHz band at any base station in roughly 500 microseconds.

O&A&M Position

Operations, Administration and Maintenance position is the human component of the operational support system which incorporates a plan designed to preserve network integrity, monitor, test, administer and manage traffic and billing information.

Operational Support System

The operational support system supports the O&A&M position and covers diagnostics, maintenance, internal reworking, preventive maintenance and billing. Centralized databases and switching control centers permit real-time trouble detection and analysis.

Omnipoint System Advantages

The Company designed the Omnipoint System to satisfy several specific, market-driven requirements. The Company believes that, at a minimum, a PCS system must offer localized coverage at least as comprehensive as that of cellular, including in-vehicle use with high-speed hand-off capability. The key differentiating features of the Omnipoint System, as evidenced by extensive field testing, are:

- *Significantly Lower Infrastructure Costs*

Low Deployment Costs. The Company designed the Omnipoint System to provide fully functional, fully mobile PCS at per subscriber capital costs substantially below those of cellular and other mobile PCS systems. The Company believes that it can deploy the radio access portion of the Omnipoint System, which accounts for 75% to 85% of the costs of typical cellular systems, for approximately \$300 per subscriber. These infrastructure costs can be achieved at subscriber penetration levels as low as two to three percent in most cities. The Company estimates that initial capital costs for other systems may be as much as \$800 to \$1,000 per subscriber at similar penetration levels. The Company expects that wholesale, unsubsidized handset prices will start at approximately \$350 to \$450 per unit and decline with increased volumes.

Low Incremental Capital Costs. Omnipoint expects that a PCS provider deploying the Omnipoint System will experience marginal capital expenditures, excluding incremental switching costs, that will reach less than \$150 per subscriber. Omnipoint achieves these cost savings as a result of its hybrid solution. The cost of FDMA-only and CDMA-only systems increases on a linear basis because (i) channels are expensive and are built and priced on a per channel basis, (ii) the equipment is large and requires extensive cell site planning, building permits, site acquisition and preparation, and zoning approval, and (iii) each cell must be able to independently handle localized peak loads, although such peak loads can occur for less than one hour per day. In contrast, because each compact Omnipoint base station needs only one set of core electronics for up to 32 simultaneous users, the implicit cost per voice channel declines as the number of voice channels used simultaneously increases (up to the capacity limit of each base station). The primary benefit of this capability is significantly reduced expenditures on a per-call basis. Even when new cell sites are required, the low cost of individual Omnipoint cell sites causes the marginal cost per new subscriber to remain low relative to alternative systems. Further, the flexibility of the Omnipoint technology allows the network operator to configure for the average simultaneous peak load across the network, rather than the sum of all the individual cells peak load conditions regardless of when they occur.

Rapid Deployment. The compact size of the Omnipoint base station, as small as 13" x 14.5" x 27", will significantly ease zoning and installation concerns and reduce their associated costs. The Omnipoint System can provide additional capacity whenever it is needed while maintaining significant economic advantages. These base stations can support the same 32 voice channels typically provided by the larger, bulkier cellular equipment. With these traditional cellular systems, increasing the number of cell sites requires relocation of their large, current cells and the acquisition of additional large sites. Omnipoint base stations and antennas are easily attached to existing telephone poles, light poles or other available structures. Omnipoint's cell sites on an installed basis are expected to be less than 30% of the cost, on a per channel basis, of the cell sites of systems that use traditional cellular or PCS technologies.

- *Improved Performance Characteristics*

Increased System Capacity. With all wireless technologies, the minimum cell radius determines the maximum number of cells per area and thus a wireless system's geographic capacity. For example, the capacity of existing cellular systems is ultimately constrained by its minimum cell radii, which is typically approximately one half mile. The Omnipoint System can be deployed for cells with 14 mile diameters (for rural and highway coverage) as well as much smaller cells for traffic "hot spots" with a range, for example, of 250 feet (a much shorter range than the capability of other mobile systems). The Omnipoint System can thus provide more localized capacity than other mobile systems, in some cases as much as 100 times more capacity per geographic area.

Wireline-Quality Voice. The Omnipoint System can support wireline quality voice service which is currently unavailable from other mobile systems. This quality is particularly important for both PCS and WLL applications.

High-Speed Data Services. The Omnipoint System offers superior data transmission characteristics and supports transmission of multimedia images and digitized compressed video. The Omnipoint System design is capable of wirelessly supporting ISDN rates. In contrast, other existing mobile systems generally have limited (i.e., less than 19.2 kbps) data transmission capabilities, are ill-suited for wireless office applications and are not capable of transmitting comparable data rates.

- ***Compatibility with Existing Infrastructure***

Compatibility and Flexibility With Existing Network Architectures. The Omnipoint System architecture provides compatibility and flexibility in telecommunications network design. It can be integrated into either GSM networks, AIN networks or LEC central office switching networks. Omnipoint is initially integrating its base stations with GSM systems, which enhances the Company's ability to sell its equipment in the 70 countries where GSM has been deployed or selected for deployment. The Omnipoint System can be integrated with a variety of existing interconnection networks, including those of the LEC, CATV and other wireless systems. Additionally, private systems can be designed using the equivalent of Omnipoint's base station controller, whereas smaller systems can connect a PBX or Cermex directly to a base station using standard analog lines.

Interoperability of Public and Privately Owned Networks. The Omnipoint System is capable of being designed for use in both the licensed PCS spectrum as well as the unlicensed bands allocated for cordless home phones and wireless PBXs. A single handset could operate in a mobile environment and as a cordless phone for indoor use. Competing cellular and other mobile systems are generally much more expensive to deploy on a large scale within offices and homes and can only offer compressed low bit rate voice and very low speed data transmission in such environments.

Software Architecture. The Omnipoint System is designed around a software architecture that provides the flexibility to interconnect to a number of different network infrastructures. Moreover, end users and service operators can develop their own application to take advantage of the Omnipoint System's flexible protocol.

Several manufacturers are currently in discussions with the Company to manufacture subsystems based on the Company's technology. Given the advantages of the Omnipoint System and its ability to interface with other network standards, PCS service operators may choose to deploy networks that combine systems based on the Company's technology with those from other manufacturers. The Company also intends to license its technology to manufacturers of competing systems. There can be no assurance that the Company will be successful in selling the Omnipoint System to PCS service operators or to license its technology.

Competition

The competition in the wireless telecommunications equipment industry is intense. The industry consists of major domestic and international companies, including those companies currently providing equipment to cellular providers, most of which have substantially greater financial, technical, marketing, sales, manufacturing,

distribution and other resources than those of the Company. The Company will compete with these other companies primarily by selling equipment that provides enhanced features at a lower cost. Given the rapid advances in the wireless telecommunications industry, there can be no assurance that new technologies will not evolve that will compete with the Company's products.

In addition to the Company's technology standard, three competing technology standards have emerged in the mobile PCS industry.

PCS 1900 is a modified version of the European RF technology used to access the standard GSM network for digital 900 MHz cellular telephones. PCS 1900 is a TDMA-based technology supported by Ericsson, Motorola, NOKIA Mobile Phones and Northern Telecom. Five U.S. service operators have committed to this technology, and it is widely believed to be a leading contender for further deployment, particularly for operators without U.S. cellular properties. PCS 1900 is likely to be the first to market with available equipment since the system is based on well-established technology and faces no major hurdles in upgrading for PCS deployment in the U.S. Certain PCS 1900 manufacturers predict limited quantities of equipment to be available in 1995, although it is widely believed that significant quantities of equipment will not be available until 1996. Because Omnipoint is integrating its system with GSM, Omnipoint System equipment can be combined with PCS 1900 equipment in a single network. Accordingly, operators that select PCS 1900 represent additional potential customers for Omnipoint System equipment.

IS-95 CDMA is the CDMA standard proposed to upgrade existing analog cellular service to digital. Qualcomm is the primary proponent of IS-95 CDMA for PCS service. IS-95 has also received support from Motorola, AT&T and Northern Telecom. IS-95's service supporters include Bell Atlantic, NYNEX, US West and AirTouch Communications Inc., who have announced their intention to deploy a modified version of this technology at 1.9 GHz, through their consortium, PCS Primeco, L.P. Sprint Telecommunications Venture has also stated it intends to only negotiate with CDMA vendors at this time.

IS-54 TDMA is the TDMA standard that several cellular carriers are implementing as they upgrade to digital. Primary network suppliers are AT&T, Ericsson and Hughes. AT&T/McCaw Cellular, SBC Communications, Inc. ("SBC"), Bell Atlantic, BellSouth and Bell Canada are the primary 800 MHz service supporters. McCaw Cellular and SBC have declared that they will deploy systems based on IS-54 at 1.9 GHz, defined as IS-136 TDMA. IS-54 TDMA, like PCS 1900, faces no major technological hurdles in upgrading to 1.9 GHz PCS. Upgraded IS-54 TDMA equipment is expected to become generally available in 1996.

Strategic Relationships

Northern Telecom Relationship

In 1994, the Company entered into a non-exclusive agreement to integrate its technology with Northern Telecom's established network architecture. Pursuant to the agreement, the parties will integrate the Omnipoint System with Northern Telecom's digital GSM and AIN central office switches. Omnipoint will deploy the Omnipoint/GSM integrated system in Omnipoint's New York MTA service area and has also agreed to jointly market integrated systems throughout North America.

The integrated system will offer wireless voice services including mobile coverage at competitive prices. The system will initially use a GSM interface between Omnipoint's RF access technology and the digital switches. Use of an available network interface such as GSM should ensure the timely deployment of PCS systems utilizing Omnipoint's technology. Omnipoint and Northern Telecom also plan to integrate Omnipoint's technology with Northern Telecom's AIN Class 5 switches, which today are primarily sold to Regional Bell Operating Companies for their central office switching.

Northern Telecom and the Company have signed a series of equipment OEM and supply agreements, as well as a vendor financing agreement. Northern Telecom will make varying payments as it purchases core

electronics (primarily radio and digital cards for base stations) and software from the Company. Northern Telecom has already made an initial \$3.0 million license payment (part of up to \$12 million in license and OEM fees to be paid to the Company under certain circumstances) and may make additional royalty payments based upon shipments of Omnipoint products. Northern Telecom will then sell Omnipoint/Northern integrated systems to PCS operators, including the Company. The Company's purchases to build out the New York network will be financed by Northern Telecom under the NT Credit Facility. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources." Northern Telecom has executed a commitment letter to extend the financing commitment from \$382.5 million to \$612 million on substantially the same terms. If a definitive agreement is reached, the Company expects to use these funds in New York or other BTA markets which the Company may acquire in the Entrepreneurs' Band section.

The initial pilot network is scheduled to be delivered and installed in New York in early 1996. Omnipoint and Northern Telecom have announced that their integrated systems will be introduced commercially for sale to other PCS operators in early 1997.

JRC Relationship

JRC and the Company executed an MOU providing the underlying basis upon which the parties would cooperate to provide technical development, manufacturing, marketing and sale of PCS handsets employing Omnipoint technology. The parties have entered into an agreement for engineering services (the "Engineering Services Agreement") and continue to negotiate definitive agreements for the remainder of the parties' arrangements addressed in the MOU which are non-binding unless such agreements are executed. The Engineering Services Agreement governs Omnipoint's purchase of various forms of engineering and technical services from JRC necessary for the integration of JRC's proprietary design of plastics and hardware into the initial construction phase of a PCS handset for use in a PCS System employing Omnipoint's technology. The MOU provides, subject to the negotiation and execution of definitive agreements, that (i) JRC will grant a license to Omnipoint for the use of JRC's technology and other proprietary information and provide Omnipoint with such components as are necessary for Omnipoint to construct and manufacture test model handsets; (ii) Omnipoint will grant a license to JRC to use Omnipoint's technology and proprietary information and Omnipoint will supply JRC with its proprietary computer chips necessary for JRC to commercially manufacture and sell PCS handsets for use in a PCS System employing Omnipoint's technology; and (iii) JRC will sell and supply the Company with PCS handsets for commercial resale and use by the Company's PCS customers.

PacBell Roaming Arrangement

The Company has signed an MOU with PacBell to develop a PCS network that will provide both PacBell and Omnipoint subscribers with roaming capability in the New York MTA and two California MTAs. The memorandum is not binding until incorporated in definitive agreements. PacBell won PCS licenses for Los Angeles and San Francisco MTAs, covering approximately 31 million POPs. Additionally, PacBell and the Company will conduct joint tests of Omnipoint's technology and plan to work together to establish PCS infrastructure and handset standards and conduct joint marketing efforts. See "—Service Business—Roaming Arrangement with PacBell."

Regulatory Environment

The FCC regulates the licensing, construction, operation and acquisition of wireless telecommunications systems in the U.S. pursuant to the Communications Act of 1934, as amended, and the rules, regulations and policies promulgated by the FCC thereunder (the "Communications Act"). Under the Communications Act, the FCC is authorized to allocate, grant and deny licenses for PCS frequencies, establish regulations governing the interconnection of PCS systems with wireline and other wireless carriers, grant or deny license renewals and applications for transfer of control or assignment of PCS licenses, and impose fines and forfeitures for any violations of FCC regulations.

PCS Licensing

The FCC established PCS service areas in the U.S. based upon Rand McNally's market definition of 51 MTAs comprised of 493 smaller BTAs. In June 1994, the FCC finalized the allocations of the 1.85 to 1.99 GHz bands for broadband PCS service. The Commission distinguished the licenses along four dimensions: (i) amount of RF spectrum—30 MHz vs. 10 MHz; (ii) size of geographic area—MTA vs. BTA; (iii) eligibility to own the license and participate in the specific auction for each type of license; and (iv) the timing of the auctions regarding each of the above categories.

The FCC decided that only two 30 MHz licenses, designated as Blocks A and B, would be allocated geographically to MTAs (these are the Block A licenses granted to the Pioneers in their respective MTAs). The 30 MHz MTA auction ended in March 1995, and the FCC granted those licenses in June 1995. Four licenses designated as Blocks C, D, E and F were allocated as BTAs. The C and F Block licenses were allocated 30 MHz and 10 MHz of spectrum, respectively, and reserved for "Entrepreneur." See "—Service Business—Expanding Service Opportunities." The D and E Blocks are each 10 MHz and will be available for all auction participants. Blocks C, D, E and F have not yet been auctioned. Since D and E licenses are open for general bidding, the in-region cellular operators are expected to win those licenses. The remaining 20 MHz of the 140 MHz of spectrum available was allocated for unlicensed PCS applications such as wireless PBX systems, LANs and home cordless phones. All PCS licenses will be granted for a 10-year period, at the end of which they must be renewed. Licenses may be revoked at any time for cause.

The New York MTA network will operate in the spectrum now partially occupied by private and common carrier fixed microwave users. Many of these microwave incumbents provide services that may interfere with or receive interference from the operation of PCS networks and, as a result, may have to be negotiated with or relocated. In an effort to balance the competing interests of existing microwave users and newly authorized PCS licensees, the FCC has adopted a transition plan to relocate such microwave operators to other spectrum blocks. In the event the Company displaces a microwave incumbent, the Company must pay the microwave incumbent's relocation expenses and take actions necessary to put the microwave incumbent's new facility into operation. The Company expects to implement a frequency plan that will minimize to the extent possible the number of existing microwave users that need to be relocated.

Pioneer's Preference Program

OmniPoint is one of only three recipients of a broadband PCS Pioneer's Preference license. Under the terms of the FCC's Pioneer's Preference program and pursuant to an FCC order, OmniPoint was awarded a preference to apply for a license not subject to competing applications to provide service in the New York MTA. The Company received its license for the New York MTA consisting of 30 MHz of PCS spectrum (1850 to 1965 MHz and 1930 to 1945 MHz) in December 1994. The final terms of the Pioneer's Preference awards are contained in the legislation for the General Agreement on Tariffs and Trade ("GATT").

Pursuant to the terms of the GATT legislation, each of the Pioneers will pay for its license a sum equal to 85% of the product of (i) the average per POP price paid in the auctions for the licenses in the top 20 MTAs based on population, not including the three MTAs in which only one 30 MHz license was to be auctioned due to the Pioneers' Preference (i.e., the average is based on the per POP prices for 40 licenses), times (ii) the number of 1990 POPs in each of the Pioneer's MTAs. Based on the final round of the A and B Block auctions, the Company will pay \$13.16 per (1990) POP or \$347.5 million. This discounted price is 78.5% of the winning bid in the auction for the B Block 30 MHz New York MTA license.

The GATT legislation prohibits the FCC from reconsidering its December 1993 Report and Order with respect to granting final preferences to the three Pioneers. The legislation also mandates that the decisions are not subject to further administrative or judicial review. The Pioneers are allowed to pay for their licenses in installments over five years with interest only for at least the first two years (and possibly all five years) with the interest rate and the timing of the principal and cash interest payments to be established by the FCC in a later

rule making. No payments of principal or interest are due until all outstanding litigation concerning any aspect of the license or payment terms is resolved. In this regard, there are four cases pending in the United States Court of Appeals for the District of Columbia Circuit that in some respect challenge the FCC's award of a Pioneer's Preference and PCS license to the Pioneer. The lead case is *Freeman Engineering Associates, Inc. v. FCC*, Nos. 95-1185, *et al.*, in which the Court of Appeals for the D.C. Circuit will consider the constitutional validity of Section 801 of the GATT, which directed the FCC to grant the Company the New York MTA License and prohibited administrative or judicial review of the grant. See "--Litigation."

Oral argument in the lead case is scheduled for February 23, 1996. The Court is likely to render a decision in April or May 1996. Assuming Section 801 of GATT is determined to be constitutional, the related cases challenging the license or the preference will become moot, or, alternatively, the parties may decide to dismiss the related cases. This would result in the earliest timeable under which the Company would be required to begin making payments on the license (initially only interest would be due). No payments can be made, however, until the FCC sets the payment terms, such as the interest rate and the timetable for payment of the principal. The FCC has indicated that its staff would not work on such an order until after the court cases are resolved. Assuming that all related pending cases are either moot or dismissed, and that the FCC issues its payment order on a timely basis, the payment of interest generally could not begin earlier than sometime during the first or second quarter of 1996. Of course, if the related cases challenging the preference or the license survive the decision in the GATT case, or if further judicial review of the GATT case is sought (i.e., rehearing at the Court of Appeals for the D.C. Circuit or appeal to the U.S. Supreme Court), the payments due would be further extended until all challenges are resolved.

Accordingly, to date there has been no definitive FCC or court guidance with respect to rates, accrual periods or payment dates for interest or to payment dates for principal. For accounting purposes, the Company has taken the conservative position of accruing interest at the prime rate since the license issuance date. The Company, however, believes that the ultimate outcome on these issues may be financially less onerous.

Conditions on License

All 30 MTA broadband PCS licenses, including the Company, must construct facilities that offer coverage to at least one-third of the population in their service area within five years of their initial license grants and to two-thirds of the population within 10 years. Licenses that fail to meet the coverage requirements may be subject to forfeiture of the license. The FCC will conduct random audits to ensure that licensees are in compliance with the FCC's holding period and attribution rules. Rule violations could result in license revocations, forfeitures or fines.

The Company believes it can readily achieve these requirements because over 7.3 million people, or 27.7% of the MTA's population reside in New York City's five boroughs alone. Planned coverage of just one of OneStopNet's 20 B7As, the New York B7A, which includes the five boroughs of New York City, northern New Jersey, Long Island, Westchester County and Putnam County, will cover 18.3 million people, or 68.3% of the MTA's population, thus satisfying the 10 year buildout requirement.

The Communications Act requires the FCC's prior approval of the assignment or transfer of control of a PCS license. In addition, the FCC has established transfer disclosure requirements that require licensees who transfer control of or assign a PCS license within the first three years to file associated contracts for sale, option agreements, management agreements or other documents disclosing the total consideration that the applicant would receive in return for the transfer or assignment of its license. Non-controlling interests in an entity that holds a PCS license or PCS system generally may be bought or sold without prior FCC approval. The Pioneer Preference PCS licenses contain a provision prohibiting an assignment of the license or a transfer of control of the license until the earlier of three years after the license grant (i.e., not before December 1997) or the date on which the Company has provided coverage for one-third of the license area's population.

The Company's New York MTA license contains a condition that requires the Company to construct a PCS system that "substantially uses" the design and technology upon which the Pioneer¹ Preference award was based. The condition expires upon the system providing coverage for one-third of the population of the MTA. While the FCC has never defined the phrase, the Company believes that its present plan to use the Omnipoint/GSM System to build out the New York MTA network will satisfy the "substantial use" condition.

Citizenship Requirements

Under the Communications Act, non-U.S. citizens or their representatives, foreign governments, or corporations otherwise subject to domination or control by non-U.S. citizens may not own more than 20% of a common carrier license directly, or more than 25% of the parent of a common carrier licensee. Non-U.S. citizens may not serve as officers of a common carrier licensee or as members of a common carrier licensee's board of directors, although up to one-fourth of the board of directors of a common carrier licensee's parent may be non-U.S. citizens. The FCC has authority to permit the parent of a licensee to exceed the 25% limit if it finds the public interest would be served, but it does not have the authority to permit a licensee itself to exceed the 20% limit on foreign ownership.

Failure to comply with these requirements may result in the FCC issuing an order to the entity requiring divestiture of alien ownership to bring the entity into compliance with the Communications Act. In addition, fines, a denial of renewal or revocation of the license are possible. The Company has no knowledge of any present foreign ownership in violation of the Communications Act.

Patents and Other Intellectual Property Rights

As of June 30, 1995, Omnipoint has received nine patents on its core technology, has 50 U.S. and 44 foreign patent applications pending and is preparing 26 applications for filing. The Company will continue to file patent applications as engineering developments occur. The policy of the Company is to apply for patents or other appropriate or statutory protection when it develops valuable new or improved technology. The Company believes, however, that the successful development of its technology generally depends more upon the experience, technical know-how and creative ability of its personnel rather than on ownership of patents.

The status of patents involves complex legal and factual questions and the breadth of claims allowed is uncertain. Accordingly, there can be no assurance that patent applications filed by the Company will result in patents being issued or that its patents, and any patents that may be issued to it in the future, will afford protection against competitors with similar technology; nor can there be any assurance that patents issued to the Company will not be infringed upon or designed around by others or that others will not obtain patents that the Company would need to license or design around. If existing or future patents constituting broad claims are upheld by the courts, the holders of such patents might be in a position to require companies to obtain licenses. There can be no assurance that licenses that might be required for the Company's products would be available on reasonable terms, if at all. To the extent that licenses are unavailable, or are not available on acceptable terms, no assurance can be made that the failure to obtain a license would not adversely impact the Company.

In addition to seeking patent protection, the Company relies on trade secrets to protect its proprietary rights. The Company attempts to protect its trade secrets and other proprietary information through agreements with customers and suppliers, non-disclosure and non-competition agreements with employees and consultants and other security measures. Although the Company intends to protect its rights vigorously, there can be no assurance that these measures will be successful.

Facilities

The Company's principal administrative offices are located in leased space in Arlington, Virginia and the principal location of its sales, marketing, support, research and development facility is located in approximately 51,384 square feet of leased space (increasing to approximately 68,512 square feet in August 1996) in Colorado Springs, Colorado. The Virginia base and the Colorado sublease are pursuant to agreements which expire in February 1998 and August 1997, respectively.

Employees

As of September 30, 1995, the Company had a total of 164 employees, including 123 in engineering, 12 in sales, marketing and product management and 29 in administration and finance. The Company's future success will depend in significant part on the continued service of its key technical, sales and senior management personnel. Competition for such personnel is intense and there can be no assurance that the Company can retain its key managerial, sales and technical employees, or that it can attract, assimilate or retain other highly qualified technical, sales and managerial personnel in the future. None of the Company's employees is represented by a labor union. The Company has not experienced any work stoppages and considers its relations with its employees to be good.

Litigation

There are four pending cases at the U.S. Court of Appeals for the District of Columbia Circuit that in some respect challenge the Pioneer's Preference Program or payment terms for the Company's Pioneer's Preference award or the New York MTA License. The following summarizes the material pending cases that involve the Pioneer's Preference award or the New York MTA License.

Freeman Engineering Associates, et al. v. FCC, (No. 95-1185) now pending in the U.S. Court of Appeals for the D.C. Circuit will consider certain constitutional issues regarding Section 801 of the GATT, which directed the FCC to grant the Company its license and directed that the preference and the license are no longer subject to administrative or court review. Under review in a related case, is the FCC's Reconsideration Order, which dismissed petitions for reconsideration of the Pioneer's Preference awards on grounds that the petitions were moot because of GATT. See "Regulatory Environment—Pioneer's Preference Program." In other related cases, petitioners are challenging the FCC's grant of the Company's license as unlawful and the FCC's payment plan for the pioneer licensees (such plan was superseded by GATT). The Company believes that the litigation regarding the constitutionality of the GATT provision will be favorably resolved, as a result of which the other cases relating to its license will be rendered moot. In the event that this litigation is not favorably resolved another case entitled *Freeman Engineering Associates, et al. v. FCC* (No. 94-1779 et al.) will be heard by the Court of Appeals for the D.C. Circuit. In that case, commenced in 1994, *Freeman Engineering, Advanced Cardless Technologies, Inc.* and others seek to have the Court find the FCC's reconsideration order regarding Pioneer's Preferences unlawful and remand the matter to the FCC for further proceedings which could, but need not, involve the Company's Pioneer's Preference or the New York MTA License.

The Company is not currently aware of any other pending or threatened litigation that could have a material adverse effect on the Company's business, operating results or financial condition.

EXHIBIT 3
NORTEL NEWS RELEASE DATED
SEPTEMBER 19, 1995

News Release



FOR IMMEDIATE RELEASE

September 19, 1995

Contact:
Mark Buford
Nortel
(214) 684-8512
mark.buford@nt.com

Mark Vonerx
Omnipoint
(719) 548-1200

Omnipoint, Northern Telecom (Nortel) Increase PCS Supply Agreement to \$250 Million; Plan Pilot IS-661 Network Deployment On Wall Street By Year End

NEW YORK—Omnipoint Corporation has increased its five-year supply agreement with Northern Telecom (Nortel) from \$100 million to \$250 million for personal communications network equipment and services for the New York Major Trading Area (MTA) and other potential Omnipoint operating areas.

The agreement also calls for initial deployment of a pilot Personal Communications Services (PCS) network, using Omnipoint's IS-661 technology, in the Wall Street financial district of New York City by the end of 1995.

Nortel and Omnipoint have also signed a vendor financing agreement under which Omnipoint can borrow the necessary funds to ensure rapid buildout of its markets.

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Nortel will deliver a turnkey digital PCS network integrating Global System for Mobile Communications (GSM) standard mobility switching and services with Omnipoint's IS-661 base station radio equipment.

"Nortel's ability to deliver a hybrid PCS network based on GSM and Omnipoint's unique IS-661 spread spectrum radio frequency access technology is important to our success," said Doug Smith, president, Omnipoint. "We're eager to install the first PCS alternative for fully mobile, full service PCS in the 1850-1990 MHz bands."

Nortel and Omnipoint have a separate agreement, announced last year along with the original supply agreement, to sell low-cost, full mobility PCS networks based on the same technology to other operators in North America.

"Our distributed GSM network architecture, coupled with Omnipoint's low-cost IS-661 access technology, will provide real value and service differentiation to prospective PCS operators," said Dave Twyver, president, Wireless Networks, Nortel. "This combination will offer cost and service advantages, particularly when it comes to offering integrated mobility services."

Nortel and Omnipoint plan to evolve this hybrid network architecture over time to include advanced intelligent network (AIN) technology, enabling a closer integration of wireless and wireline services.

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Personal Communications Services, operating in the 1.9 GHz radio spectrum allocated in the US by the Federal Communications Commission (FCC), are expected to stimulate continued, rapid growth in demand for mobile voice, data, facsimile, and messaging by offering these and other services to business and residential users.

IS-661 has been adopted as a North American standard for 1.9 GHz PCS. IS-661 is based on unique composite CDMA/TDMA (code division multiple access/time division multiple access) technology developed by Omnipoint. The GSM standard has been adopted by more than 100 mobile telephone service operators in 70 countries.

Omnipoint, a small, high-technology, entrepreneurial firm based in Colorado, was awarded the Pioneer's Preference PCS license for the New York MTA at a cost of \$350 million.

Nortel is one of the world's most broadly diversified developers of communications products, systems and networks in three key market segments - Enterprise Networks, Wireless Networks, and Carrier Networks (switching, broadband, and network applications solutions). Nortel provides equipment, services and network solutions for information, entertainment, and communications networks operated by telephone companies, personal and mobile telecommunications companies, cable TV companies, corporations, governments, universities and other institutions worldwide.

Nortel had 1994 revenues of \$US 8.9 billion and has approximately 57,000 employees worldwide.

- end -

EXHIBIT 4
PACIFIC BELL NEWS RELEASE DATED
SEPTEMBER 21, 1995

FOR IMMEDIATE RELEASE:

September 21, 1995

FOR MORE INFORMATION:

Lou Saviano, 415 394-3744

Pacific Bell Mobile Services Forges Alliances To Advance GSM Services throughout the U.S.

**PCS companies working to expand customer "roaming,"
share product ideas and develop full-feature services for all customers**

PLEASANTON, CA. -- Pacific Bell Mobile Services (PBMS) today announced that it and four other companies which soon will be offering wireless Personal Communications Services (PCS) are working on several fronts to ensure that the next generation of wireless services will be "feature-rich," easy to use and more affordable than cellular service is today.

The initial companies -- Bell South Personal Communications, Omnipoint, Western Wireless, Powertel and PBMS -- recently purchased licenses from the Federal Communications Commission to provide PCS services. Their combined service areas cover about 100 million potential customers -- over 35 percent of the total U.S. population. The companies hold licenses in most major markets, including New York, Los Angeles, San Francisco, Portland, Jacksonville and Charlotte.

The companies, which previously have announced they will use the North American version of Global System for Mobile Communications (GSM) in their PCS networks, also are collaborating on product development initiatives, as well as joint purchasing agreements, market research plans, SIM card applications development, and operational support systems evaluation and implementation.

"This is much more than a roaming agreement," said Terrence Valeski, Vice President of Marketing and Business Development at PBMS. "We see great opportunities in product development, joint marketing and strengthening our buying power. We believe that by working together, we can come to market sooner, with a more complete product offering at lower cost to consumers. Forming alliances with GSM operators domestically and internationally is a natural step in creating value for our customers. GSM is already used in 70 countries throughout the world."

The companies already have initiated work to provide a seamless roaming capability, making it easier for customers to enjoy many of the same service features and convenience when they travel to each other's service areas as they do in their "home" territory. For example, PCS customers will not need to call ahead and make special arrangements or register when travelling, as cellular customers often must do today. "We already have been working effectively on common technical issues," Valeski added. "By extending this relationship to include marketing and product development, we can more quickly introduce innovative and affordable wireless products. This alliance will help us integrate our customer care systems and processes to make it easier for customers to use PCS throughout the country."

Pacific Bell Mobile Services plans to begin offering PCS services widely throughout California and Nevada early in 1997.

Pacific Bell Mobile Services is the wireless communications subsidiary of Pacific Bell.

Pacific Telesis Group, the parent company of Pacific Bell and PBMS, is a diversified telecommunications corporation based in San Francisco.

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EXHIBIT 5
OMNIPOINT NEWS RELEASE DATED
JULY 13, 1995



Contacts: Mark Vonatz, Director of Sales and Marketing, Network Systems
(719) 548-1200

LaDawn Bly, JRC International
(817) 847-2171

Colorado Springs, CO

July 13, 1995

For Immediate Release:

**JRC INTERNATIONAL TO WORK WITH OMNIPPOINT TO
PRODUCE PCS HANDSETS FOR IS-661 CDMA/TDMA
STANDARD**

JRC International Inc. and Omnipoint Corporation announced today that JRC will license Omnipoint's PCS technology and develop and manufacture PCS handsets incorporating IS-661 technology.

Omnipoint's composite CDMA/TDMA technology was recognized by the FCC with the award of a "Pioneer's Preference" PCS license and has recently been approved by the US standards bodies as "IS-661". The first markets to select Omnipoint's system for PCS, the New York Major Trading Area, has 27 million "pops" and nearly 30% of the US telecommunications traffic. The companies expect handsets to be available to PCS operators in 1996.

According to Omnipoint President, Doug Smith, "This agreement with JRC is a key step in assembling a team of world class manufacturers that are fulfilling the promise of this unique technology." Omnipoint's other partners include Nortel (formerly Northern Telecom) who is providing complete turnkey PCS networks based on IS-661. Other infrastructure and handset partnerships are being finalized and will be announced shortly.

JRC is known world-wide as a radio and marine electronics manufacturer and as one of the largest suppliers of handsets for the Japanese cellular phone market. In 1994, JRC expanded its presence into North and South America with the establishment of JRC

International whose primary function is to manufacture and distribute wireless communications products.

"JRC's many years of experience in developing extremely small, high quality, low cost analog and digital handsets positions them very well to meet the needs of PCS customers," said Smith. "We are delighted to be working with them on PCS handsets, and expect this agreement will make JRC a major supplier for our PCS operator subsidiary, Omnipoint Communications, Inc."

Under the terms of the agreement, JRC will assist Omnipoint in the development of a first generation handset that will be available in the second quarter of 1996. A second generation handset, designed by JRC will go into production in late 1996. According to JRC International president, Dave McDowell, "our relationship with Omnipoint puts JRC on the fast track for entry into the PCS market. The credibility that comes with being given the Pioneer's Preference award, the inherent benefits afforded by this technology and their relationship with Nortel convinced us that adopting the IS-661 standard was consistent with our corporate strategy and direction."

The handset currently in development will be best of class in terms of size, weight, styling, talk time and features. "By combining our cellular expertise with Omnipoint's innovative air-interface protocol, we are certain we will be able to deliver a quality product that meets the needs of the operators and the end users," said McDowell. "We are also pursuing products to take advantage of the considerable data capabilities of IS-661 based systems."

IS-661 was developed specifically for the challenges of the new PCS marketplace, unlike other PCS standards which were originally designed to add capacity to analog cellular systems. "The primary benefits of IS-661 include greatly reduced infrastructure costs and deployment time, wireline quality voice, and high speed data and digitized video capability," says Smith.

Omnipoint Corporation is a fast growing, privately held company based in Colorado Springs, Colorado. It was incorporated in 1987 to commercialize the spread spectrum and networking technologies that its founders had developed in the aerospace and defense industries.

JRC International Inc., headquartered in Ft. Worth, Texas is a subsidiary of Japan Radio Co., Ltd, a \$1.8 billion company based in Tokyo, Japan. JRC International is an OEM supplier to many of the nation's largest communications providers, including AT&T, BellSouth Mobility, Auto Club Cellular, Cantel and others. A fully automated surface mount manufacturing facility is located in Lethbridge, Alberta, Canada and an advanced R&D facility is located in Ft. Worth.

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EXHIBIT 6
OMNIPOINT NEWS RELEASE DATED
DECEMBER 12, 1995



Contact: Kathy Egan
(212) 685-4030

Ericsson

Mark Vonarx
(719) 548-1200

Omnipoint Corporation (technology)

Mark Caron
(703) 522-7778

Omnipoint Communications (service)

Colorado Springs, CO

December 12, 1995

For Immediate Release:

ERICSSON AND OMNIPPOINT SIGN A \$350 MILLION MEMORANDUM OF UNDERSTANDING

Richardson, Texas — December 12, 1995 — Ericsson and Omnipoint Corporation announced today that they signed a Memorandum of Understanding (MOU) for over \$250 million worth of Omnipoint IS-661 and PCS 1900 network equipment and services. The MOU also includes \$40 million worth of IS-661 and PCS 1900 mobile telephones, and \$60 million of IS-661/PCS 1900 dual mode phones.

Under the terms of the MOU, Ericsson will acquire a multi-million dollar license for Omnipoint's IS-661 technology. Ericsson may also purchase from Omnipoint on an OEM basis components used in Mobile telephones and IS-661 base stations. Under a supply agreement, financing will be provided.

IS-661 and PCS 1900 are the two new U.S. standards that utilize the GSM-based network architecture. GSM-based systems have been adopted by over 85 countries and had over 10 million subscribers worldwide at the end of the third quarter.

Omnipoint was awarded a PCS Pioneers' Preference license for the New York Major Trading Area (MTA) which covers 27 million people. Omnipoint is also participating in the "C-Block" auctions to acquire additional PCS licenses and has placed a deposit covering an additional 89 million people.

When combined with the supply agreements announced earlier with Nortel and JRC International, Omnipoint anticipates purchasing over \$700 million of PCS equipment and services. The equipment will be deployed in Omnipoint's New York MTA as well as other markets acquired in the C-Block auction.

"Ericsson is very pleased with this business relationship," says Jan-Anders Daleustam, executive vice president, Ericsson Inc., Radio Systems. "Omnipoint has assembled a very strong team of management and employees, and Ericsson is looking forward to working with them and the IS-661 technology."

"Having Ericsson join Nortel as our key network partners ensures that Omnipoint will have an unsurpassed wireless network for the world's premier wireless market -- New York," said George Schmitt, president of Omnipoint Communications, Inc., the Omnipoint subsidiary that operates the PCS networks.

Omnipoint is a world leader in the commercialization of spread spectrum radio systems. Omnipoint was recognized by the Federal Communications Commission (FCC) for its many innovations in PCS with the award of a Pioneers' Preference 30 MHz license for the New York Major Trading Area.

Ericsson's 80,000 employees are active in over 100 countries. Their combined expertise in switching, radio and networking makes Ericsson a world leader in telecommunications.

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EXHIBIT 7
PACIFIC TELESIS NEWS RELEASE DATED
NOVEMBER 20, 1995

FOR IMMEDIATE RELEASE

NOVEMBER 20, 1995

**PCS Providers in U.S. Form North American Interest Group
to Promote "GSM" Wireless Technology**

PLEASANTON, CA. — The leaders of seven companies licensed to develop Personal Communications Services (PCS) networks in the United States announced today they have banded together to advance the development of high quality digital wireless communications services in North America.

The seven companies are: American Personal Communications, American Portable Telecom, Bell South Personal Communications, InterTel, Omnipoint, Pacific Bell Mobile Services and Western Wireless Co. Together, the group holds licenses to cover over 125 million of the United States' population, including 12 of the top 25 cities.

All the companies plan to use a technical platform called "Global System for Mobile Communication," or GSM — a digital communications technology adopted by more than 150 wireless providers in nearly 80 countries around the world. The GSM platform supports the PCS 1900 standard as well as the IS-661 standard which members of the group will be trialing.

The companies chose the technology platform because it is not only proven, but offers superior quality and features over all other wireless systems. Because of its global adoption and growing use by over 10 million customers worldwide, it is more cost effective and technically refined than other network solutions.

The companies will form the North American Interest Group of the international "GSM MoU" — an association of wireless communications providers around the world using GSM-based systems. The North American Interest Group will manage GSM technology standards throughout North America, deal with interoperability issues, and coordinate efforts with the international GSM community.

"This is an important step in establishing a structure to support North America's participation in the worldwide GSM community. It will provide a good forum for new GSM operators to quickly acquire knowledge about GSM

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GSM Alliance

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technology advantages and participate in its future development," said Lyndon Daniels, president of Pacific Bell Mobile Services and newly elected chairman of the GSM Interest Group.

The seven companies also agreed to work closely together in developing common business solutions in order to take full advantage of the exploding market for wireless communications services in the United States. Joint activities relating to volume handset purchases, marketing research, product development, business systems development, and other related activities will be evaluated for potential common effort.

"American Portable Telecom's participation in the group advances our goal of providing national and international coverage for our customers and ensures a coordinated approach to innovative service development," said Don Warkentin, president and chief executive officer of APT.

"GSM is ready to put into service now," said John Stanton, chairman of Western Wireless Co. "This gives Western Wireless and other GSM-based providers a distinct competitive advantage in being able to offer services to customers sooner than those providers who choose other technology platforms."

GSM-based PCS providers will offer customers better sound quality, greater call privacy and better protection from unauthorized use than do conventional cellular systems.

One of the many benefits GSM-based systems is that customers can "roam" easily worldwide. A unique feature of the system is the "smart card," which contains an individual subscriber's personal calling features, preferences and other information, separate from the wireless handset. The smart card is about the size of a credit card and can be carried by a subscriber using other GSM systems around the world.

American Personal Communications recently has deployed the first commercial PCS system throughout a population base of more than eight million people in Washington, D.C., Maryland and Virginia. APC has teamed with the Sprint Telecommunications Venture, a partnership between Sprint and the nation's largest cable companies. The alliance is building a nationwide network giving future customers access to an unprecedented scope of communications services.

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